

## **Assembly Bill No. 233**

### **CHAPTER 228**

An act to add and repeal Article 4.5 (commencing with Section 18736) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor September 7, 2012. Filed with  
Secretary of State September 7, 2012.]

#### **LEGISLATIVE COUNSEL'S DIGEST**

AB 233, Hall. Personal income taxes: voluntary contributions: California YMCA Youth and Government Fund.

The Personal Income Tax Law authorizes taxpayers to contribute amounts in excess of their tax liability for the support of specified funds.

This bill would additionally allow individuals to designate on their tax returns that a specified amount in excess of their tax liability be transferred to the California YMCA Youth and Government Fund, which would be created by this bill. The bill would require the Franchise Tax Board, when another voluntary contribution designation is removed or as soon as space is available, to revise the tax return forms to provide for the designation created by this bill.

The bill would require money in the California YMCA Youth and Government Fund, upon appropriation by the Legislature, to be allocated to the Franchise Tax Board, the Controller, and the State Department of Education for reimbursement of all costs incurred by the Franchise Tax Board, the Controller, and the department in connection with their duties collecting and administering the fund and the balance to the State Department of Education for distribution to the California YMCA Youth and Government Program, and nonprofit civic youth organizations, as specified.

The bill would provide that these provisions would be repealed on either January 1 of the 5th taxable year following the first appearance of the California YMCA Youth and Government Fund on the tax return, or January 1 of an earlier year, if the Franchise Tax Board determines that the amount of contributions estimated to be received during a calendar year will not equal or exceed the minimum contribution amount, as defined, for the calendar year.

*The people of the State of California do enact as follows:*

SECTION 1. Article 4.5 (commencing with Section 18736) is added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, to read:

## Article 4.5. California YMCA Youth and Government Fund

18736. (a) An individual may designate on the tax return that a contribution in excess of the tax liability, if any, be made to the California YMCA Youth and Government Fund, established by Section 18737.

(b) The contributions shall be in full dollar amounts and may be made individually by each signatory on a joint return.

(c) A designation under subdivision (a) shall be made for any taxable year on the original return for that taxable year, and once made is irrevocable. If payments and credits reported on the return, together with any other credits associated with the individual's account, do not exceed the individual's tax liability, the return shall be treated as though no designation has been made.

(d) If an individual designates a contribution to more than one account or fund listed on the tax return, and the amount available for designation is insufficient to satisfy the total amount designated, the contribution shall be allocated among the designees on a pro rata basis.

(e) The Franchise Tax Board shall revise the form of the return to include a space labeled "California YMCA Youth and Government Fund" to allow for the designation permitted under subdivision (a). The form shall also include in the instructions information that the contribution may be in the amount of one dollar (\$1) or more and that the contribution shall be used to support civic education programs operated by the YMCA Youth and Government Program, the African American Leaders for Tomorrow Program, the Asian Pacific Youth Leadership Project, and the Chicano Latino Youth Leadership Project.

(f) Notwithstanding any other provision, a voluntary contribution designation for the California YMCA Youth and Government Fund shall be added on the tax return when another voluntary contribution designation is removed or as soon as space is available.

(g) A deduction shall be allowed under Article 6 (commencing with Section 17201) of Chapter 3 of Part 10 for any contribution made pursuant to subdivision (a).

18737. There is hereby established in the State Treasury the California YMCA Youth and Government Fund to receive contributions made pursuant to Section 18736. The Franchise Tax Board shall notify the Controller of both the amount of money paid by taxpayers in excess of their tax liability and the amount of refund money that taxpayers have designated pursuant to Section 18736 to be transferred to the California YMCA Youth and Government Fund. The Controller shall transfer from the Personal Income Tax Fund to the California YMCA Youth and Government Fund an amount not in excess of the sum of the amounts designated by individuals pursuant to Section 18736 for payment into that fund.

18738. (a) All moneys transferred to the California YMCA Youth and Government Fund pursuant to Section 18736, upon appropriation by the Legislature, shall be allocated as follows:

(1) To the Franchise Tax Board, the Controller, and the State Department of Education for reimbursement of all costs incurred by the Franchise Tax

Board, the Controller, and the State Department of Education in connection with their duties under this article.

(2) The balance to the State Department of Education for distribution as follows:

(A) If the California YMCA Youth and Government Fund collects contributions of less than three hundred thousand dollars (\$300,000), all funds shall be distributed to the California YMCA Youth and Government Program.

(B) If the California YMCA Youth and Government Fund collects donations in excess of three hundred thousand dollars (\$300,000), the balance of the fund shall be distributed as follows:

(i) To provide an annual grant of ten thousand dollars (\$10,000) to each of the following nonprofit civic youth organizations in order to operate civic education and mock legislative programs:

(I) African American Leaders for Tomorrow Program.

(II) Asian Pacific Youth Leadership Project.

(III) Chicano Latino Youth Leadership Project.

(ii) (I) All remaining funds shall be distributed to the California YMCA Youth and Government Program.

(II) The California YMCA Youth and Government Board of Directors may award additional nonprofit civic youth organizations a grant of up to ten thousand dollars (\$10,000) each in order to operate civic education and mock legislative programs. Grants shall be administered by the California YMCA Youth and Government Board of Directors, who shall be responsible for developing criteria, evaluating applications, and awarding grants to eligible organizations.

(b) All moneys allocated pursuant to subdivision (a) of this section may be carried over from the year in which they were received.

(c) Funds distributed to the California YMCA Youth and Government Program, the African American Leaders for Tomorrow Program, the Asian Pacific Youth Leadership Project, the Chicano Latino Youth Leadership Project, and any other nonprofit civic youth organizations awarded a grant pursuant to clause (i) of subparagraph (B) of paragraph (2) of subdivision (a) shall be used to support program participation by underserved students and for direct program-related expenses.

(d) The funds distributed to the California YMCA Youth and Government Program by the State Department of Education shall be used exclusively for program-related expenses.

18739. (a) Except as otherwise provided in subdivision (b), this article shall remain operative only until January 1 of the fifth taxable year following the first appearance of the California YMCA Youth and Government Fund on the tax return.

(b) (1) By September 1 of the second calendar year, and by September 1 of each subsequent calendar year that the California YMCA Youth and Government Fund appears on a tax return, the Franchise Tax Board shall do all of the following:

(A) Determine the minimum contribution amount required to be received during the next calendar year for the fund to appear on the tax return for the taxable year that includes that next calendar year.

(B) Provide written notification to the California YMCA Youth and Government Program of the amount determined in subparagraph (A).

(C) Determine whether the amount of contributions estimated to be received during the calendar year will equal or exceed the minimum contribution amount determined by the Franchise Tax Board for the calendar year pursuant to subparagraph (A). The Franchise Tax Board shall estimate the amount of contributions to be received by using the actual amounts received and an estimate of the contributions that will be received by the end of that calendar year.

(2) If the Franchise Tax Board determines that the amount of contributions estimated to be received during a calendar year will not equal or exceed the minimum contribution amount for the calendar year, this article is repealed with respect to taxable years beginning on or after January 1 of that calendar year.

(3) For purposes of this section, the “minimum contribution amount” for a calendar year means two hundred fifty thousand dollars (\$250,000) for the second calendar year after the first taxable year for which the California YMCA Youth and Government Fund appears on the tax return, or the minimum contribution amount adjusted pursuant to subdivision (c).

(c) For each calendar year, beginning with the third calendar year that the California YMCA Youth and Government Fund appears on the tax return, the Franchise Tax Board shall adjust, on or before September 1 of that calendar year, the minimum estimated contribution amount specified in subdivision (b) as follows:

(1) The minimum estimated contribution amount for the calendar year shall be an amount equal to the product of the minimum contribution amount for the prior September 1 multiplied by the inflation factor adjustment as specified in paragraph (2) of subdivision (h) of Section 17041, rounded off to the nearest dollar.

(2) The inflation factor adjustment used for the calendar year shall be based on the figures for the percentage change in the California Consumer Price Index received on or before August 1 of the calendar year pursuant to paragraph (1) of subdivision (h) of Section 17041.

(d) Notwithstanding the repeal of this article, any contribution amounts designated pursuant to this article prior to its repeal shall continue to be transferred and disbursed in accordance with this article as in effect immediately prior to that repeal.